

Message Text

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ACTION NODS-00

INFO OCT-01 ISO-00 /001 W

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FM AMCONSUL JERUSALEM

TO SECSTATE WASHDC IMMEDIATE 7316

C O N F I D E N T I A L SECTION 1 OF 4 JERUSALEM 1371

NODIS

EXDIS HANDLE AS NODIS

FOR ENDERS (EB) LEWIS (S/P) AND SCHWEBEL (L)

FROM LORD AND RODMAN

E.O. 11652: GDS

TAGS: PFOR, ENG, UNGA

SUBJECT: SECRETARY'S UNGA SPEECH: ECONOMIC GROWTH SECTION

HEREWITH ACCELERATING ECONOMIC GROWTH SECTION FOR YOUR
CONSIDERATION. PLEASE TRY TO TIGHTEN, ADD LIFT, AND
RESPOND TO SECRETARY'S QUERIES.

BEGIN TEXT. ACCELERATING ECONOMIC GROWTH

1. IT IS NOT ENOUGH TO ENSURE THE MINIMAL ECONOMIC
SECURITY OF THE DEVELOPING COUNTRIES. THE ROAD OF
DEVELOPMENT IS THE ROAD OF ACCELERATING GROWTH,
GREATER PRODUCTIVITY, HIGHER LIVING STANDARDS, AND
SOCIAL TRANSFORMATION.

2. THIS PROCESS REQUIRES THE INFUSION OF CAPITAL,
TECHNOLOGY, AND SKILLS ON A MASSIVE SCALE. LOCAL
EFFORT WILL HAVE TO PROVIDE MOST OF THE RESOURCES,
THE ORGANIZATION, AND THE DEDICATION. BUT INTER-
NATIONAL SUPPORT IS INDISPENSIBLE. FOR EVEN A MODERATE
ACCELERATION OF RECENT GROWTH RATES, DEVELOPING
COUNTRIES WILL NEED SOME \$40 BILLION A YEAR IN OUTSIDE
CAPITAL BY 1980. AND THE NEED FOR TECHNOLOGICAL
INNOVATION, THOUGH IMPOSSIBLE TO QUANTIFY IS SIMILARLY
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GREAT.

3. HOW CAN THESE NEEDS FOR CAPITAL, TECHNOLOGY --
AND THE SKILLS TO APPLY THEM -- BE MET?

4. GOVERNMENTAL CONCESSIONAL ASSISTANCE FROM THE
RICHER COUNTRIES IS ONE IMPORTANT SOURCE. THE INDUSTRIAL
COUNTRIES TOGETHER NOW PROVIDE SOME \$(BLANK) BILLION IN
BILATERAL AID. (FILL IN THE BLANK.) THIS MUST
CONTINUE, BUT REALISTICALLY WE CANNOT EXPECT IT TO GROW
SIGNIFICANTLY OVER THE COMING YEARS. THE LIMITED
CONCESSIONAL FUNDS AVAILABLE WILL BE LARGELY ABSORBED
BY THE NEEDS OF THE POOREST COUNTRIES. SUPPORT FOR
BILATERAL AID HAS ERODED IN BOTH INDUSTRIAL AND DEVELOPING
COUNTRIES -- IN INDUSTRIAL COUNTRIES PARTLY BECAUSE OF THE
RECENT ECONOMIC SLOWDOWN PARTLY INDUCED BY THE ENERGY PROBLEM.
CLEARLY, THERE CANNOT BE ACCELERATED GROWTH IN THE
DEVELOPING NATIONS EXCEPT IN A CLIMATE OF WORLDWIDE
ECONOMIC EXPANSION.

5. A PARTICULAR NEW BURDEN ON GROWTH IN DEVELOPING
COUNTRIES IS THE RISE IN THE COST OF FUEL, WHICH IS THE
MOST CRITICAL FACTOR IN INDUSTRIAL AND AGRICULTURAL
PRODUCTIVITY. THIS HAS MEANT HIGH COSTS IN TRANSPORTATION,
ELECTRIC POWER, AND ENERGY-INTENSIVE MANUFACTURED GOODS.
AND THE MOST SEVERE IMPACT IS ON AGRICULTURE, WHERE IT
MEANS MUCH HIGHER FERTILIZER PRICES AND SLOWER MECHANIZATION.
THE WORLD BANK HAS ESTIMATED THAT FOR EACH \$1 INCREASE
IN THE PRICE OF OIL, THE COST OF THE ENERGY NEEDS OF
DEVELOPING COUNTRIES INCREASED BY \$(BLANK) BILLION. (FILL
IN THE BLANK). THEREFORE THERE MUST BE RESTRAINT AND A
FURTHER MORATORIUM ON NEW OIL PRICE RISES. AND SOME
PORTION OF NEEDED AID TO DEVELOPING COUNTRIES SHOULD
COME FROM THE OIL EXPORTERS THEMSELVES. LAST YEAR THEY
PROVIDED \$3BILLION IN BILATERAL ASSISTANCE; THE FIGURE
MAY RISE THIS YEAR.

6. NEVERTHELESS, EVEN TOGETHER, THE INDUSTRIAL NATIONS
AND THE OIL EXPORTERS CANNOT SUPPLY ALL THE NEW FUNDS
THAT ARE NEEDED TO ACCELERATE GROWTH THROUGHOUT THE
DEVELOPING WORLD. IT FOLLOWS INESCAPABLY THAT THE
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REMAINING NEEDS FOR CAPITAL AND TECHNOLOGY CAN ONLY BE
MET, DIRECTLY OR INDIRECTLY, THROUGH PRIVATE COMMERCIAL
CHANNELS, AND THIS INVESTMENT WILL TAKE PLACE ONLY IF
IT IS IN THE INTERESTS OF BOTH DEVELOPING AND DEVELOPED
COUNTRIES.

7. THE UNITED STATES URGES, THEREFORE, THAT THE WORLD
COMMUNITY TAKE NEW STEPS TO INCREASE THE AVAILABILITY AND

QUALITY OF NEEDED CAPITAL FOR DEVELOPMENT, ON A LARGE
SCALE:

-- FIRST, WE MUST IMPROVE DEVELOPING COUNTRIES' ACCESS
TO INTERNATIONAL CAPITAL INSTITUTIONS AND MARKETS.

-- SECONDLY, WE MUST ENABLE THEM TO OBTAIN NEW
TECHNOLOGY AND ADAPT IT TO THEIR NEEDS, TO BUILD A BASE
FOR INDUSTRIALIZATION OR TO IMPROVE AGRICULTURAL
PRODUCTIVITY.

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ACTION NODS-00

INFO OCT-01 ISO-00 /001 W

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O 251501Z AUG 75 ZFF4

FM AMCONSUL JERUSALEM

TO SECSTATE WASHDC IMMEDIATE 7317

C O N F I D E N T I A L SECTION 2 OF 4 JERUSALEM 1371

NODIS

EXDIS HANDLE AS NODIS

FOR ENDERS (EB) LEWIS (S/P) AND SCHWEBEL (L)

FROM LORD AND RODMAN

E.O. 11652\$ GDS

TAGS: PFOR, ENG, UNGA

SUBJ: SECRETARY'S UNGA SPEECH: ECONOMIC GROWTH SECTION

-- THIRDLY, WE MUST NOW ACHIEVE AN INTERNATIONAL CONSENSUS
ON THE PRINCIPLES BY WHICH MULTINATIONAL ENTERPRISES CAN
OPERATE PRODUCTIVELY, IN THE INTEREST OF THE HOST
COUNTRY AND IN THE INTEREST OF THE GLOBAL ECONOMY.

8. FIRST, ACCESS TO CAPITAL MARKETS.

9. MOST OF THE CAPITAL FOR DEVELOPMENT MUST COME FROM
THE DEVELOPED WORLD. THE WORLD BANK AND THE REGIONAL
DEVELOPMENT BANKS ALREADY BORROW EXTENSIVELY IN PRIVATE

CAPITAL MARKETS TO LEND TO THEIR CLIENTS. THE UNITED STATES SUPPORTS THE CONTINUED EXPANSION OF THE WORLD BANK AND REGIONAL DEVELOPMENT BANK PROGRAMS. WE ARE HEARTENED THAT TEN EUROPEAN COUNTRIES PLUS JAPAN AND ISRAEL WILL JOIN US SHORTLY IN A \$6 BILLION EXPANSION OF THE RESOURCES OF THE INTER-AMERICAN DEVELOPMENT BANK. WE WILL PROPOSE TO THE CONGRESS A SUBSTANTIAL CONTRIBUTION TO REPLENISHMENT OF THE ASIAN BANK, AND WE ARE URGING CONGRESSIONAL AUTHORIZATION TO JOIN THE AFRICAN DEVELOPMENT BANK.
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10. BUT A MOST FRUITFUL COURSE WILL BE TO ENHANCE THE MORE DIRECT ACCESS OF DEVELOPING COUNTRIES TO PRIVATE CAPITAL MARKETS.

11. UP TO NOW, DEVELOPING COUNTRIES HAVE SUCCESSFULLY RAISED DIRECTLY CLOSE TO \$10 BILLION ANNUALLY IN INTERNATIONAL MARKETS. THOSE THAT ARE MOST SUCCESSFUL IN THEIR DEVELOPMENT EFFORTS AND THAT NO LONGER REQUIRE CONCESSIONAL AID, ESPECIALLY IN ASIA AND LATIN AMERICA, RELY HEAVILY ON THIS SOURCE OF FUNDS. BUT THEIR FUTURE ACCESS IS NOT ASSURED. THEY TEND TO BE RESIDUAL BORROWERS, LAST IN AND FIRST OUT; THEY SUFFER MOST FROM SHORTAGES OF LOAN FUNDS; THE CONDITIONS OF LENDING OFTEN MAKE IT FCCHSJ

12. THE BASIC DIMENSIONS OF CREDITWORTHINESS -- THE ABILITY OF A DEVELOPING COUNTRY TO USE CAPITAL PRODUCTIVELY -- CANNOT BE INFLUENCED FROM OUTSIDE. BUT WE CAN AND MUST MAKE SURE THAT THE CAPITAL MARKETS RESPOND READILY TO THE OPPORTUNITIES OFFERED FOR PRODUCTIVE INVESTMENT.

13. THE UNITED STATES THEREFORE PROPOSES THE CREATION ON AN INTERNATIONAL INVESTMENT TRUST, TO BE MANAGED BY THE INTERNATIONAL FINANCE CORPORATION.
-- THE TRUST WOULD INVEST IN THE DEBT AND EQUITY OF THE NATIONAL AND INTERNATIONAL DEVELOPMENT BANKS AND THE PRIVATE, PUBLIC AND MIXED ENTERPRISES OF DEVELOPING COUNTRIES.

--

ANVL FROM THE IFC, THE INDUSTRIAL COUNTRIES, THE OIL EXPORTING COUNTRIES, THE DEVELOPING COUNTRIES THEMSELVES, AND FROM PRIVATE PARTICIPATIONS BORROWED AGAINST ITS OFFICIAL CAPITAL.
--FIRST YEAR OFFICIAL CAPITAL, INCLUDING THE CONTRIBUTION OF THE IFC, WOULD BE \$250 MILLION. (SOUNDS SO PIDDLING, ISN'T IT BETTER NOT TO MENTION IT?) IF IT SUCCEEDS IN ITS FIRST YEAR, THE UNITES STATES WOULD FAVOR ITS RAPID EXPANSION AND WOULD BE PREAPRED TO SEEK SUBSTANTIAL

NEW CAPITAL SUBSCRIPTIONS.

14. THIS NEW INSTITUTION WOULD BE A NEW AND POWERFUL
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LINK BETWEEN THE DEVELOPING COUNTRIES AND THE CAPITAL
MARKETS ON WHICH THEIR GROWTH DEPENDS. (QUERY: HOW?
WHY IS IT MORE "DIRECT" THAN THE BANKS?)

15. THE DEVELOPMENT COMMITTEE OF THE IMF IS EXPLORING
WAYS TO ENHANCE THE DEVELOPING COUNTRIES' OPPORTUNITIES
TO COMPETE MORE EFFECTIVELY DIRECTLY IN THE PRIVATE
CAPITAL MARKETS. THE UNITED STATES STRONGLY ADVOCATES
FURTHER PROGRESS IN THIS AREA. (EXPLAIN.)

16. A SECOND KEY TO LONG TERM GROWTH IS NEW TECHNOLOGY.
FOR DEVELOPMENT REQUIRES NOT ONLY NEW FUNDS BUT NEW
TECHNIQUES OF PRODUCTION, IN BOTH INDUSTRY AND
AGRICULTURE. DEVELOPING COUNTRIES' NEEDS FOR NEW
TECHNOLOGY ARE UNLIMITED. YET THE INSTRUMENTS FOR ITS
TRANSFER ARE LIMITED, AND SELDOM AT THE SOLE COMMAND
OF NATIONAL GOVERNMENTS. NEW MEANS MUST BE DEvised.
IN OUR VIEW THE FOLLOWING AREAS ARE MOST PROMISING FOR
PROGRESS: (NOTE: WE OFFER ONLY AGRICULTURE AND ENERGY.
THERE SHOULD BE ONE PROPOSAL FOR GENERAL TECHNOLOGICAL
HELP.)

17. FIRST, NEW TECHNIQUES TO EXPAND FOOD PRODUCTION
AND IMPROVE NUTRITION. A NUMBER OF REGIONAL RESEARCH
CENTERS HAVE BEEN ESTABLISHED UNDER THE CONSULTATIVE
GROUP FOR INTERNATIONAL AGRICULTURAL RESEARCH. WE
URGE EXPANDING THEIR PROGRAMS, IN COLLABORATION WITH
NATIONAL RESEARCH INSTITUTIONS, ON TRAINING ATTGCMEA0-DEEBLQZITECHNI
QUES TO LOCAL CLIMATE,
SOIL, AND AVAILABILITY OF RESOURCES. (QUERY: IS
THIS TECHNOLOGY TRANSFER?) LET US BUILD THESE CENTERS
INTO A COMPLETE INTERNATIONAL NETWORK FOR BASIC AND
APPLIED RESEARCH AND BRING ABOUT A WORLDWIDE REVOLU-
TION IN FARM TECHNOLOGY. ALREADY SOME EPOLE AND

NOTE BY OC/T: JERUSALEM 1371 SECTION 2 OF 4 GARBLED TEXT.
CORRECTION TO FOLLOW.

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ACTION NODS-00

INFO OCT-01 ISO-00 /001 W

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O 251501Z AUG 75 ZFF-3

FM AMCONSUL JERUSALEM

TO SECSTATE WASHDC IMMEDIATE 7318

C O N F I D E N T I A L SECTION 3 OF 4 JERUSALEM 1371

NODIS

EXDIS HANDLE AS NODIS

FOR ENDERS (EB) LEWIS (S/P) AND SCHWEBEL (L)
FROM LORD AND RODMAN

\$(BLANK) MILLION ARE INVOLVED. OVER THE NEXT DECADE WE SHOULD BRING THIS TO (BLANK) PEOPLE AND \$(BLANK) MILLION. THE UNITED STATES IS ALREADY PROVIDING PERSONNEL AND RESOURCES FOR ONE (BLANK) OF THIS EFFORT. WE WILL CONTINUE TO PROVIDE A MAJOR CONTRIBUTION. (FILL IN THE BLANKS -- IF THE SUMS ARE SIGNIFICANT.)

18. OTHER AGRICULTURAL AND FORESTRY PRODUCTS ARE ANOTHER FIELD FOR TECHNOLOGICAL IMPROVEMENT. THE EXPORT EARNINGS OF MANY OF THE POOREST COUNTRIES, AND THE LIVELIHOOD OF MANY MILLIONS OF THEIR PEOPLE, DEPEND ON SUCH PRODUCTS AS JUTEHNM COTTON, AND NATURAL RUBBER, WHICH HAVE ENCOUNTERED SERIOUS MARKET PROBLEMS AND ARE THREATENED BY SYNTHETICS. THESE COUNTRIES URGENTLY NEED TO IMPROVE THE PRODUCTIVITY AND MARKETABILITY OF THESE PRODUCTS AND TO DIVERSIFY THEIR ECONOMIES. THE UNITED STATES THEREFORE PROPOSES CREATION OF A CONSULTATIVE GROUP ON NON-EDIBLE AGRICULTURAL PRODUCTS TO COORDINATE INTERNATIONAL ASSISTANCE TO RESEARCH IN THIS AREA. WE PROPOSE THAT WITHIN A YEAR THERE BE (BLANK) PERSONNEL AND \$(BLANK) MILLION DEVOTED TO THIS PROJECT. (AGAIN, MENTION FIGURES ONLY IF SIGNIFICANT.) THE UNITED STATES WILL JOIN OTHERS IN STAFFING AND FUNDING THIS EFFORT.

19. A THIRD AREA FOR SPECIAL AND URGENT TECHNOLOGICAL
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NEED FOR MANY DEVELOPING COUNTRIES IS ENERGY -- A CENTRAL INGREDIENT IN BOTH THEIR INDUSTRIALIZATION AND AGRICULTURE. THE INDUSTRIAL NATIONS, IN RESPONSE TO THE

OIL EMBARGO AND PRICE RISES OF 1973, HAVE MADE INVESTMENT IN NEW AND ALTERNATIVE ENERGY SOURCES A MAJOR NATIONAL PRIORITY. THE UNITED STATES HAS BEGUN TO EXPLORE OR EXPLOIT PRESENTLY INACCESSIBLE OR LOW-GRADE RESOURCES AND INCREASED USE OF SOLAR AND NUCLEAR ENERGY. NOW:

-- THE UNITED STATES IS PREPARED TO SHARE THESE NEW TECHNOLOGIES WITH DEVELOPING NATIONS WHICH DESIRE OUR HELP AND ARE HARDEST HIT BY THE ENERGY CRISIS.

-- AN INTERNATIONAL ENERGY INSTITUTE, COMPRISED OF BOTH DEVELOPED AND DEVELOPING NATIONS, COULD BE CREATED TO COORDINATE ALL EFFORTS IN THE TRANSFER OF ENERGY TECHNOLOGY. ALTERNATIVELY, A NETWORK OF REGIONAL ENERGY TECHNOLOGY CENTERS COULD BE ESTABLISHED TO IDENTIFY AND ADAPT THE NEW ENERGY TECHNOLOGY MOST NEEDED IN EACH AREA. (EXPLAIN MORE.)

-- THE TRANSFER OF ENERGY TECHNOLOGY TO NEEDY COUNTRIES SHOULD BE ON THE AGENDA OF THE FORTHCOMING DIALOGUE BETWEEN CONSUMERS, PRODUCERS, AND DEVELOPING COUNTRIES. (NOTE TO ENDERS: IS THERE A DANGER THAT ALL OF THIS WILL SOUND TOO STATUS QUO WHEN WE ARE FINISHED?)

20. IF WE ARE TO POUR IN NEW FUNDS AND NEW TECHNOLOGY, AND IF PRIVATE SOURCES OF CAPITAL AND SKILLS ARE ESSENTIAL TO SUPPLEMENT OFFICIAL ASSISTANCE, THEN IT IS TIME TO ESTABLISH A STABLE AND ACCEPTED ENVIRONMENT FOR PRIVATE TRANSNATIONAL ENTERPRISES.

21. THE ROLE OF MULTINATIONAL ENTERPRISES IN THE EXPANSION OF THE GLOBAL ECONOMY IN THE LAST THIRTY YEARS IS UNMISTAKABLE, UNIQUE, AND IRREPLACEABLE. THEY HAVE PROVEN THEMSELVES A POWERFUL INSTRUMENT OF MODERNIZATION BOTH IN THE INDUSTRIAL NATIONS -- WHERE THEY CONDUCT MOST OF THEIR OPERATIONS -- AND IN THE DEVELOPING COUNTRIES, WHERE THERE IS OFTEN NO SUBSTITUTE FOR THEIR ABILITY TO MARSHAL CAPITAL,
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RESEARCH, NEW TECHNOLOGY, MANAGEMENT SKILLS, AND INITIATIVE. THUS THE CONTROVERSY OVER THEIR ROLE AND CONDUCT IS ITSELF AN OBSTACLE TO ECONOMIC DEVELOPMENT. IT IS TIME TO FACE UP TO THE PROBLEMS, REAL AND PERCEIVED, THAT HAVE DEVELOPED.

22. WILL WE SOLVE THESE PROBLEMS BY RHETORIC, OR BY RESPONDING TO REALITY? WILL WE SOLVE THEM BY IDEOLOGY AND DOCTRINE, OR BY RECOGNIZING THAT DENYING OR DESTROYING ONE OF THE WORLD'S PRINCIPAL SOURCES OF

DEVELOPMENT CAPITAL IS ABSURDLY SELF-DEFEATING? IF THE WORLD COMMUNITY IS UNABLE TO ACHIEVE A CONSENSUS ON THE PROPER CONDITIONS OF CORPORATE ENTERPRISE, IT IS NOT THE INDUSTRIALIZED COUNTRIES THAT WILL SUFFER MOST. LET US MAKE THIS ISSUE A TEST OF OUR CAPACITY TO ACCOMMODATE MUTUAL CONCERNS IN PRACITICAL AGREEMENT.

23. FOR OUR PART, THE UNITED STATES IS PREPARED TO MEET THE PROPER CONCERNS OF GOVERNMENTS IN WHOSE TERRITORIES TRANSNATIONAL ENTERPRISES OPERATE. WE AFFIRM THAT COMPANIES MUST ACT IN FULL ACCORDANCE WITH THE SOVEREIGN RIGHTS, AND TAKE FULL ACCOUNT OF THE PUBLIC POLICY, OF HOST GOVERNMENTS. IT IS OBVIOUS THAT COUNTRIES ARE ENTITLED TO ENACT REGULATIONS GOVERNING THE OPERATIONS OF MULTNATIONAL ENTERPRISES WITHIN THEIR BORDERS.

24. FOR THEIR PART, GOVERNMENTS THAT WISH THE BENEFITS OF THESE ENTRPRISES MUST FOSTER THE CONDITIONS THAT ATTRACT AND MAINTAIN THEM.RR

25. THE UNITED STATES BELIEVES THAT THE TIME HAS COME FOR THE INTERNATIONAL COMMUNITY TO ARTICULATE STANDARDS OF CONDUCT FOR BOTH ENTERPRISES AND GOVERNMENTS.

THESE SHOULD APPLY TO TRANSNATIONAL ENTERPRISES IN THEIR RELATIONS WITH GOVERNMENTS, AND TO GOVERNMENTS IN THEIR RELATIONS WITH TRANSNATIONAL ENTERPRISES AND WITH OTHER GOVERNMENTS. THE UNITED STATES WILL WORK WITHIN THE U.N. COMMISSION ON TRANSNATIONAL ENTREPRISES AND OTHER

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INTERNATIONAL BODIES TO EXCHANGE INFORMATIIN AND TO HELP DEVELOP A BODY OF BALANCED PRINCIPLES TO GUIDE ENTERPRISES AND GOVERNMENTS IN THEIR MUTUAL RELATIONS.

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ACTION NODS-00

INFO OCT-01 ISO-00 /001 W

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FM AMCONSUL JERUSALEM

TO SECSTATE WASHDC IMMEDIATE 7319

C O N F I D E N T I A L SECTION 4 OF 4 JERUSALEM 1371

NODIS

EXDIS HANDLE AS NODIS

FOR ENDERS (EB) LEWIS (S/P) AND SCHWEBEL (L)

FROM LORD AND RODMAN

IN OUR VIEW:

-- FIRST, A STATEMENT OF PRINCIPLES WHICH FAILS TO REFLECT FAIRLY THE INTERESTS OF ALL PARTIES -- HOST COUNTRIES, HOME COUNTRIES, AND ENTERPRISES -- WOULD EXACERBATE RATHER THAN MODERATE THE FRICTIONS WHICH HAVE POISONED THE ENVIRONMENT FOR INTERNATIONAL INVESTMENT. GUIDELINES MUST BE FOUNDED ON OBJECTIVE CONDITIONS, INTERNATIONAL LAW, AND THE PRINCIPLE OF COOPERATION -- OR ELSE THEY WILL NOT BE ACCEPTED.

-- SPECIFICALLY, AGREED GUIDELINES OUGHT TO REQUIRE TRANSNATIONAL ENTERPRISES TO OBEY LOCAL LAW, TO REFRAIN FROM INTERVENING IN THE DOMESTIC AFFAIRS OF THE HOST STATE, TO TAKE ACCOUNT OF NATIONAL DEVELOPMENT PRIORITIES, TO RESPECT LOCAL CULTURE, AND TO EMPLOY QUALIFIED LOCAL PERSONNEL OR TO QUALIFY PERSONNEL THROUGH TRAINING. VENALITY AND CORRUPTION CAN NO LONGER BE TOLERATED -- BY THE HOST COUNTRY, BY THE ENTERPRISES THEMSELVES OR BY THE COUNTRY IN WHICH THE ENTERPRISES ARE BASED.

-- HOST COUNTRIES IN TURN OUGHT TO TREAT MULTINATIONAL COMPANIES EQUITABLY, WITHOUT DISCRIMINATION AMONG THEM, AND IN ACCORDANCE WITH INTERNATIONAL LAW. HOST
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GOVERNMENTS AND COMPANIES EQUALLY SHOULD OBSERVE THE CONTRACTS INTO WHICH THEY FREELY ENTER. HOST GOVERNMENTS SHOULD CLEARLY SET FORTH THE DEVELOPMENT PRIORITIES AND STANDARDS WHICH MULTINATIONAL COMPANIES ARE EXPECTED TO MEET, AND MAINTAIN THEM WITH REASONABLE CONSISTENCY.

-- THE SAME PRINCIPLES OF CONDUCT SHOULD APPLY EQUALLY

TO DOMESTIC ENTERPRISES THAT ARE SIMILARLY SITUATED. DISCRIMINATION IN FAVOR OF THE DOMESTIC COMPETITORS OF MULTINATIONAL COMPANIES IS NEITHER EQUITABLE NOR CONDUCTIVE TO FOREIGN INVESTMENT. NOR CAN PRINCIPLES BE ADDRESSED ONLY TO PRIVATELY-OWNED MULTINATIONAL ENTERPRISE. STATE-OWNED AND MIXED MULTINATIONAL ENTERPRISES, WHICH ARE INCREASINGLY IMPORTANT IN THE WORLD ECONOMY, SHOULD BE HELD TO THE SAME STANDARDS AS THOSE THAT ARE PRIVATELY OWNED.

26. BUT A STATEMENT OF PRINCIPLES IS NOT THE ONLY, NOR NECESSARILY THE BEST, MEANS OF RESOLVING MANY OF THE PROBLEMS AFFECTING TRANSNATIONAL ENTERPRISES. THE UNITED STATES IS PREPARED FOR DISCUSSION OF OTHER PROPOSALS., FOR EXAMPLE:

-- THE PROVISION OF INSURANCE TO FOREIGN PRIVATE INVESTORS. OUR BILATERAL GOVERNMENT-TO-GOVERNMENT INSURANCE PROGRAM HAS WORKED WELL AND ENCOURAGED INVESTMENT. IT COULD BE MULTILATERALIZED TO INCLUDE FINANCIAL PARTICIPATION, HOWEVER MODEST, FROM DEVELOPING COUNTRIES, TO REFLECT OUR MUTUAL STAKE.

-- ARBITRATION PROCEDURES SHOULD BE FURTHER DEVELOPED. THE WORLD BANK'S INTERNATIONAL CENTER FOR THE SETTLEMENT OF INVESTMENT DISPUTES, AND OTHER THIRD-PARTY FACILITIES, SHOULD BE STRENGTHENED.

-- FINALLY, INTERGOVERNMENTAL CONSULTATIONS SHOULD BE FURTHER DEVELOPED, BILATERALLY AND INTERNATIONALLY, TO IDENTIFY AND RESOLVE DISPUTES BEFORE THEY BECOME POLITICAL IRRITANTS.

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27. THE INTERNATIONAL EFFORT FOR ECONOMIC DEVELOPMENT CANNOT AFFORD TO TREAT TRANSNATIONAL ENTERPRISES AS OBJECTS OF ECONOMIC WARFARE. THE UNITED STATES BELIEVES THAT JUST SOLUTIONS ARE ACHIEVABLE. THE CAPACITY OF NATIONS TO DEAL WITH THESE COMPLEX PROBLEMS CONSTRUCTIVELY WILL BE AN IMPORTANT TEST OF WHETHER THE SEARCH FOR COMMON SOLUTIONS OR THE CLASH OF IDEOLOGIES WILL DOMINATE OUR ECONOMIC FUTURE. THE IMPLICATIONS FOR ECONOMIC DEVELOPMENT ARE PROFOUND.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC DEVELOPMENT, CAT-A, SPEECHES
Control Number: n/a
Copy: SINGLE
Draft Date: 25 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: SmithRJ
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975JERUSA01371
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: P850106-2478, N750003-0464
From: JERUSALEM
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750822/aaaaasyg.tel
Line Count: 542
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NODS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: NODIS, EXDIS
Page Count: 10
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: NODIS, EXDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: SmithRJ
Review Comment: n/a
Review Content Flags:
Review Date: 12 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 AUG 2003 by KelleyW0>; APPROVED <02 DEC 2003 by SmithRJ>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SECRETARY'S UNGA SPEECH: ECONOMIC GROWTH SECTION
TAGS: PFOR, ENRG, UNGA, (KISSINGER, HENRY A)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006